THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) The matter of formation of National Rural Bank of India (NRBI) by way of amalgamation of all the 196 RRBs in the country was considered by the Government, Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) some time during the year 1992-93. After considering a number of alternative models for restructuring of RRBs, including setting up of National Rural Bank, it was decided to revamp the RRBs by cleansing of their balance sheets on a "stand alone" basis. Accordingly, 187 out of 196 RRBs, have been taken up so far, for comprehensive restructuring including cleansing up of their balance sheets and infusion of fresh capital. In addition to this several policy changes have been initiated to facilitate strengthening and revitalization of RRBs. These changes include:-

(i) introduction of Development Action Plan and Memoranda of Understanding (DAP/MoU) on an annual basis for bringing improvement in the performance of the RRBs in a planned way, introduction of prudential norms covering income recognition, asset classification and provisioning norms;

(ii) diversification of business portfolios and activities;

(iii) rationalization of branch network including relocation and merger of loss making branches;

(iv) deregulation of interest rate structure; and

(v) providing greater role to the sponsor banks in management of the affairs of RRBs etc.

These initiatives have brought positive results and out of 196 RRBs, 167 have reported profits as on 31-3-2002 and 86 have wiped off accumulated losses. There is, therefore, no proposal at this stage to set up NRBI.

Special status to ICICI Bank

1251. SHRI SANJAY NIRUPAM: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether ICICI Bank enjoys any special status as the financial institution under the Companies Act;

(b) if so, the details thereof; and

(c) whether the Ministry is planning to review this status specially in the context of growing foreign holding in the bank?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) (a) to (c) In exercise of the powers conferred by Section 53 of the Banking Regulation Act, 1949 (10 of 1949), the Government of India on the recommendations of the Reserve Bank of India, have exempted ICICI Bank Ltd. from the provisions of sub clause (ii) of sub section (1) of Section 12 of the Act, for a period of five years. This exemption would enable the bank to continue to hold preference shares issued by erstwhile ICICI Ltd. on its books, which is not otherwise possible under the provisions of Banking Regulation Act, 1949.

Compromise settlement of NPAs

1252. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Government have now allowed the banks to enter into a compromise settlement of NPAs to the extent of Rs. 10 crores;

(b) if so, the details thereof;

(c) the amount that has been realised through one-time settlement scheme that was introduced by Government since its inception, year-wise;

(d) whether any new guidelines have been issued for the new scheme; and

(e) if so, the details of guidelines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (b) (d) and (e) The Government have recently brought in a new legislation *viz.* "The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002". With the enactment of the said Act, it was felt that one more opportunity may be given to the borrowers to come forward for settlement of their outstanding dues.